

Message Text

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FM SECSTATE WASHDC

TO AMEMBASSY ABU DHABI

AMCONSUL DHAHRAN

AMEMBASSY DOHA

AMEMBASSY JIDDA

AMEMBASSY KUWAIT

AMEMBASSY MUSCAT

AMEMBASSY SANAA

C O N F I D E N T I A L STATE 065564

FOLLOWING TEL SENT ACTION DEPT INFO SECDEF, CNO FROM MANAMA
17 MAR.

QUOTE: C O N F I D E N T I A L MANAMA 00330

E.O. 11652: GDS

TAGS : MARR,ASCH, BA, US

SUBJECT : BAHRAIN SCHOOL TUITION

REF : STATE 056826

1. APPRECIATE REPORT REFTEL AND OPPORTUNITY TO COMMENT ON PROPOSED
TUITION INCREASES BAHRAIN SCHOOL. INsofar AS INCREASES
ELEMENTARY AND SECONDARY DAY SCHOOL TUITION CONCERNED, THEY
APPEAR REASONABLE AND JUSTIFIABLE. I DO NOT ANTICIPATE THAT
EITHER GOB OR LOCAL COMMUNITY WOULD BE UNDULY DISTURBED AT
DECISION TO INCREASE TUITION BY FAIRLY MODEST INCREMENT TO
COVER REAL OPERATING COSTS OF SCHOOL. HOW THIS DECISION IS
HANDLED, HOWEVER, IS PERTINENT. USDESEA REPRESENTATIVE MUST,
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BY ALL MEANS, DISCUSS IT WITH BAHRAIN SCHOOL TRUST FIRST AND

SOONEST AND IF THERE IS NO OVERRIDING ADVERSE REACTION, IT MUST PROMPTLY BE MADE KNOWN TO PARENTS, NOT AT ELEVENTH HOUR PRIOR TO BEGINNING NEXT SCHOOL YEAR.

2. I WOULD FIND IT SURPRISING IF BAHRAIN SCHOOL TRUST WERE WILLING TO DEFRAY SUBSTANTIAL PROPORTION OF ANY TUITION INCREASES WHICH REFLECT ACTUAL OPERATING COSTS OF SCHOOL. TRUST IS CURRENTLY SEIZED WITH EXTREMELY CHALLENGING FUND RAISING PROBLEMS WHICH REFLECT THE SUCCESS OF THE BAHRAIN SCHOOL. SCHOOL ENROLLMENT HAS NOW APPROACHED PHYSICAL LIMITATIONS OF PRESENT PLANT AND SOMETHING MUST BE DONE URGENTLY TO EXPAND FACILITIES IF GROWING DEMAND OF PRIVATE COMMUNITY FOR THE SCHOOL IS TO CONTINUE TO BE MET. (GOB, OF COURSE, EXPECTS THAT NEED WILL BE MET.) IN ADDITION, WE ARE FACING PROBLEM OF HOW TEACHERS ARRIVING IN FUTURE WILL BE ABLE TO RENT QUARTERS IN BAHRAIN IN VIEW OF SKY-ROCKETING LOCAL RENTS WITHOUT VIRTUALLY DOUBLING THEIR PRESENT USDESEA HOUSING ALLOWANCES. IT MAY BE NECESSARY TO ASK SCHOOL TRUST TO STEP INTO THIS PROBLEM TO SUBSIDIZE TEACHER HOUSING IN SOME MANNER. IN WRESTLING WITH THESE FUNDING PROBLEMS, SCHOOL TRUST TO DATE HAS FOUND THAT, WHILE RESIDENT AMERICAN COMPANIES SEEM WILLING IN PRINCIPLE TO SUPPORT THE BAHRAIN SCHOOL GENEROUSLY, THEY GENERALLY PREFER TO DO SO BY PAYING INCREASED TUITIONS RATHER THAN BY MAKING LUMP SUM CASH DONATIONS TO SCHOOL TRUST. IF IT BECOMES EVIDENT THAT THE PROPOSED DAY SCHOOL TUITION INCREASES POSE REAL HARDSHIP TO CERTAIN NON-DOD STUDENTS, THERE MIGHT BE POSSIBILITIES OF SCHOOL TRUST WORKING OUT SELECTIVE "SCHOLARSHIP" PROGRAM TO MEET THIS PROBLEM. GENERALLY I DO NOT ANTICIPATE TROUBLE IN THIS REGARD SINCE THE BAHRAINI STUDENTS ATTENDING THE SCHOOL COME FOR THE MOST PART FROM WELL-HEELED FAMILIES AND THE EXPATRIATE STUDENTS BY AND LARGE ARE CHILDREN WHOSE PARENTS WORK FOR COMPANIES WHICH PREFER TO SUPPORT THE SCHOOL THROUGH TUITION INCREASES RATHER THAN GRANTS.

3. IN VIEW OF THE GROWING PAINS THAT BAHRAIN SCHOOL WILL INEVITABLY CONTINUE TO FACE, IT IS IMPORTANT WE UNDERSTAND PRECISELY THE SOMEWHAT VARYING INTERESTS OF THE PARTIES; DOD, PRIVATE BUSINESS COMMUNITY, AND GOB, WHICH HAVE SO SUCCESSFULLY COOPERATED TO SUPPORT THE SCHOOL TO DATE. I THINK IT PARTICULARLY IMPORTANT THAT WE NOT FALL INTO THE TRAP

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OF AUTOMATICALLY RELYING ON SOME FUZZY FOREIGN POLICY JUSTIFICATION AS PRIMARY BASIS FOR CONTINUED DOD SUPPORT OF THE SCHOOL, ALTHOUGH THERE IS NO QUESTION THAT THE SCHOOL SERVES AN IMPORTANT U.S. POLICY INTEREST IN THE AREA. CERTAINLY USDESEA OPERATION OF THE BAHRAIN SCHOOL MAKES IT POSSIBLE FOR AN EFFECTIVE INTERNATIONAL SCHOOL TO OPERATE HERE AT COSTS SUBSTANTIALLY BELOW THE COST OF RUNNING AN INDEPENDENT INTERNATIONAL SCHOOL IN BAHRAIN. HENCE, EVEN WITH USDESEA'S

FULL LOCAL OPERATING COSTS COVERED BY TUITIONS, THE USDESEA PRESENCE INVOLVES SUBSTANTIAL "NO COST" SUBSIDY BY DOD TO THE NON-DOD STUDENTS. THIS FACT IS WIDELY UNDERSTOOD BY PRIVATE COMMUNITY AND GOB AND APPRECIATED. I AM NOT FULLY CONVINCED, HOWEVER, THAT DOD HAS EVER CLEARLY UNDERSTOOD THE VERY SUBSTANTIAL "NO COST" SUBSIDY WHICH THE PRIVATE COMMUNITY AND GOB ARE PROVIDING TO THE DOD STUDENTS. WHILE IT IS DIFFICULT TO IMPUTE A COMMERCIAL VALUE TO THE SCHOOL FACILITIES, WHICH THE GOB DONATED AND THE PRIVATE COMMUNITY DEVELOPED, I WOULD GUESS THEORETICAL ANNUAL RENTAL VALUE IS AT LEAST \$2.5 MILLION PER YEAR. ON THE BASIS OF 800 STUDENT ENROLLMENT, THIS MEANS THE GOB AND PRIVATE COMMUNITY ARE GIVING A "NO-COST" SUBSIDY OF AT LEAST \$3,000 PER YEAR TO EACH CHILD ATTENDING THE SCHOOL, INCLUDING THE MILITARY CHILDREN. HENCE, THE ARRANGEMENT IS TRULY A "MARRIAGE OF CONVENIENCE" IN WHICH DOD IS BENEFITTING SUBSTANTIALLY IN RETURN FOR ITS OWN SUPPORT FOR THE SCHOOL. I BELIEVE CLEARER UNDERSTANDING OF THIS FACT WILL LESSEN THE DIFFICULTY DOD SEEMS TO FACE IN CONTINUING ITS SUPPORT FOR BAHRAIN SCHOOL.

4. I AGREE WITH DEPARTMENT'S ASSESSMENT THAT NEITHER GOB NOR RESIDENT PRIVATE COMMUNITY WOULD BE SEVERELY BENT OUT OF SHAPE IF IT WERE NECESSARY TO RAISE DORMITORY TUITION TO \$3,800 PER YEAR IN ORDER TO COVER THE FULL ADMINISTRATIVE COSTS OF PROVIDING BOARDING FACILITIES. (ASSUME ADDRESSEES FULLY AWARE THIS TUITION, PLUS BOARDING AND OTHER FEES WHICH ARE NOT ACCOUNTED FOR BY USG, WOULD RAISE TOTAL COST TO BOARDERS TO AROUND \$6,000.) I CANNOT PREJUDGE REACTION FROM THOSE PRIVATE COMPANIES OUTSIDE BAHRAIN, SUCH AS ARAMCO, WHICH HAVE BEEN SUBSTANTIAL DIRECT CONTRIBUTORS TO SCHOOL AND, HENCE, HAVE HELPED "SUBSIDIZE" DOD STUDENTS. THERE IS NO QUESTION, HOWEVER, THAT IMPOSING SUCH HIGH FEE PRIMARILY TO COVER COSTS OF A COUNSELOR SETUP APPARENTLY PECULIAR TO THE USDESEA SYSTEM COULD HAVE A SERIOUS ADVERSE

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IMPACT ON THE CONTINUED USE OF BAHRAIN SCHOOL BY PRIVATE CITIZENS RESIDENT IN THE AREA OUTSIDE OF BAHRAIN. UNTIL NOW I UNDERSTAND THIS HAS BEEN A CRITICAL CONSIDERATION SINCE THE PRESENCE OF SOME 100 BOARDING STUDENTS WAS ESSENTIAL TO ECONOMIC, EFFECTIVE OPERATION OF THE SECONDARY SCHOOL. IN VIEW PRESENT AND INCRESINGLY HEAVY DEMAND AMONG LOCAL PRIVATE COMMUNITY FOR SECONDARY SCHOOL, THIS FACTOR NO LONGER WOULD SEEM TO APPLY. HENCE, AMONG THE DOD-GOB-LOCAL PRIVATE COMMUNIT SUPPORTERS IN BAHRAIN, ONLY DOD NOW HAS A DIRECT SERIOUS INTEREST IN CONTINUING THE DORMITORY PROGRAM. THE PROPOSED \$3,800 DORM TUITION WILL TEND TO KEEP DORMITORY ENROLLMENT STATIC, WITH THE COMPOSITION OF DORMITORY STUDENTS BECOMING OVERWHELMINGLY DOD. I DO NOT BELIEVE SUCH A DEVELOPMENT WOULD BASICALLY DISTURB EITHER THE GOB OR THE LOCAL PRIVATE COMMUNITY. IN DECIDING ON THIS LARGE INCREASE IN DORMITORY TUITION, HOWEVER,

WE SHOULD CLEARLY RECOGNIZE THAT WE ARE LIKELY TO BE STRANGLING
IN THE CRADLE ANY PROSPECTS THAT THE PRIVATE COMMUNITY OUTSIDE
BAHRAIN WILL PROVIDE FINANCIAL SUPPORT FOR THE EXPANSION OF
THE SCHOOL IN GENERAL AND THE DOMITORIES IN PARTICULAR.
CERTAINLY BEFORE FINAL DECISION ON DORMITORY TUITIONS IS MADE,
USDESEA REPRESENTATIVE MUST CAREFULLY APPROACH THE SCHOOL
TRUST FOR ITS REACTION. I THINK, DEPARTMENT MIGHT ALSO WISH TO
SOUND OUT MY COLLEAGUES AT OTHER "GULF" POSTS, INCLUDING JIDDA,
SINCE I HAVE IMPRESSION SOME KEY ELEMENT AMERICAL COMMUNITIES
IN THEIR COUNTIRES ARE BANKING HEAVILY ON FUTURE USE BAHRAIN'S
SCHOOL BOARDING FACILITIES. TWINAM UNQUOTE KISSINGER

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